

TREASURE STATE ENDOWMENT PROGRAM

The Impact of Program Changes in the 2009 Biennium

A Report Prepared for the
Legislative Finance Committee

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Legislative Fiscal Division



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INTRODUCTION

The Treasure State Endowment Program (TSEP) performs a vital service to local governments in the state of Montana by providing funds for water and wastewater projects. In the regular 2007 Legislative Session, the 60th Legislature funded the TSEP program in HB 512, which included language that has drawn concerns from local governments. The purpose of this report is to inform the Legislative Finance Committee (LFC) about the changes that occurred in the TSEP program with the passage of HB 512 and will describe how the TSEP program was changed, what the changes are, the impacts of the changes, and the potential cost to communities that has resulted from the changes in the program. This report will also provide options for LFC consideration.

TSEP is a state infrastructure-financing program approved by Montana voters with the passage of Legislative Referendum 110 in June 1992. Grant funding for the program is derived from investment earnings on coal severance tax funds, which are invested in an endowment. Infrastructure projects include drinking water systems, wastewater treatment facilities, sanitary sewer or storm water systems, solid waste disposal and separation systems, and bridges. Eligible applicants include, cities, towns, counties, and tribal governments, or county or multi-county water, sewer, or solid waste districts, which will hereafter be referred to as local governments.

The TSEP program is administered by the Department of Commerce (DOC), who accept applications biennially and evaluates them according to a two-step process which includes an analysis of the seven statutory priorities and the relative financial need. The seven statutory priorities focus on projects that:

- 1) Solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards
- 2) reflect greater need for financial assistance than other project
- 3) incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs
- 4) reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities, and that attempt to resolve the infrastructure problem with local resources
- 5) enable local governments to obtain funds from sources other than TSEP
- 6) provide long-term, full-time job opportunities for Montanans, provide public facilities necessary for the expansion of a business that has a high potential for financial success, or maintain the tax base or encourage expansion of the tax base and
- 7) represent high local priorities and have strong community support.

The ranking process was developed as the best method to ensure that projects with the greatest need are funded, given the limited amount of dollars available for the grants. The Long-Range Planning (LRP) subcommittee, of the House Appropriations Committee and the Senate Finance and Claims Committee, hears testimony from all TSEP grant applicants during the legislative session. The committee may recommend changes to the DOC's recommended rankings.

WHAT HAPPENED?

The TSEP grant program authorization and appropriation started out the 2007 legislative session status quo in HB 11. The DOC prepared a ranked list of 57 projects, from which 31 projects were recommended to be awarded \$17.3 million in grants from the expected interest earnings. From the remaining 26 projects, the next three ranked projects could be funded if interest earnings exceeded the projected earnings or in the event that another project withdrew their request. Consequently, a list of 34 projects was included in HB 11; the 23 lower

ranked projects were not included in the introduced version of the bill. The lowest ranked project, number 57, was not recommended for funding by the DOC.

After hearing the projects in the LRP subcommittee, some of the subcommittee members failed in an attempt to fund all 56 of the recommended TSEP projects by amending HB 11 to include an appropriation of \$15.5 million general fund one-time only dollars to cover the difference. HB 11 stalled in the subcommittee. The House Appropriations committee then requested return of the bill and approved the amendment to add a general fund appropriation and fund all the 56 projects. However, once the bill reached the House floor, the bill was not approved as amended, and the bill stalled again.

At the same time, HB 512 was introduced as a vehicle to fund the lower ranked projects, those that would not have been expected to receive funding in HB 11. As the session started to draw to a close and the prospects for the approval of HB 11 dimmed, members of the House Appropriations committee amended HB 512 to replace the stalled version of HB 11. Among other things, HB 512 provided a method to fund all 56 TSEP projects without the need for a general fund appropriation, by providing the DOC with an appropriation for \$17.6 million¹ to spend borrowed funds for TSEP grants.² While most of the provisions included in HB 512 were drawn from previous versions of HB 11, one new condition was added. It is this condition most significantly changed the TSEP program and is viewed as contentious by local governments.

THE CHANGES

Several significant changes were made to the TSEP program that have manifested into a level of contention for the program. First, the DOC ranking process was effectively eliminated when all the projects recommended by DOC were funded. As mentioned above, the ranking process served to prioritize the projects so those communities with the greatest need would have access to TSEP grant funds. Because all projects were funded in HB 512, the prioritized ranking was no longer relevant. In other words, all grant recipients are considered equally ranked and their ability to access TSEP funds rests solely on their ability to complete the conditions outlined in the bill.

Second, some unusual language was included in HB 512. The language indicates that if any project seeking TSEP funding in the 2009 biennium is unable to document that all other funding is firmly committed before the end of the 2009 biennium, the local government will be required to reapply for funding in the 2011 biennium. The new language of HB 512 is found in section 1(5) of the bill, and reads as follows:

If funds appropriated in subsection (1) are insufficient to fund any of the projects that have satisfied the conditions described in section 3(1) prior to *June 30, 2009*, the Treasure State Endowment Program must fund the projects by borrowing money from the board of investments pursuant to 90-6-701(1)(b) for those projects that have *satisfied the conditions described in section 3(1) by June 30, 2009*.

The problematic condition, which is a normal condition for receipt of the TSEP grant funds, is seen in section 3(1)(c), which states:

The grant recipient shall document that other matching funds required for completion of the project are firmly committed.

THE CONSEQUENCES

The local governments seeking project funding through the TSEP program look to multiple federal and state programs for additional project funds. The normal TSEP grant prioritization and authorization process serves to

¹ The additional appropriation increased from \$15.5 million to \$17.6 million as a result of other amendments to the bill.

² The DOC has statutory authority, given in 90-6-701(1)(b), to borrow funds from the board of investments “to provide additional financial assistance for local government infrastructure projects”.

limit the number of local governments attempting to access other sources of state and federal infrastructure grant funding. In the 2009 biennium, more than twice the typical numbers of grants, or 56, were authorized by the legislature, creating a higher level of competition for the other sources of grant funding. The heightened competition opens up the potential that projects with the highest need will not be able to obtain the limited number of grant dollars provided through other programs, will not be able to access their TSEP grants, and will need to reapply to the TSEP program for the 2011 funding cycle.

Historically, the ranked list of grant recipients had a relatively unlimited amount of time to access their TSEP funds. Now, if any of the projects are unable to complete the conditions to receive their grant before June 30, 2009, the local government will be required to reapply for TSEP funding. Currently, DOC has compiled a list of 23 of the 56 approved projects where the local governments may have difficulties in obtaining their TSEP funding. From the list of 23, if the TSEP program had not been changed and if the recommended prioritized list had been approved by the legislature, 12 of the projects would not have received funding and would have been required to reapply for their TSEP grant in the 2011 session.

Unfortunately, nine of the projects that are facing problems would have had the additional time needed to meet the TSEP conditions and would not have needed to reapply. The nine projects, followed by the original rank, include the towns of Circle (6), Jordan (8), Twin Bridges (10), Loma (16) and the water districts of Seeley Lake-Missoula County (11), Carter Chouteau County (20), Dayton/Lake County (22), Power-Teton (25), and RAE Subdivision (27). Of the nine higher ranked projects, there is serious concern for the ability of five towns/water districts to meet the funding condition, Twin Bridges, Loma, Carter, Dayton, and possibly Seeley Lake.

Local governments who are unable to meet the required conditions for their TSEP grant will need to reapply to the TSEP program for the 2011 biennium. These local governments will need to update, and in some cases revise, their engineering reports for the reapplication process. The contracting costs to produce the documents needed in the TSEP grant application process are significant, estimated to run around \$50,000, which would include the costs of the preliminary engineering report, income surveys, public meetings and application preparation. While not as costly as the initial work, the revised engineering reports and associated work for the reapplication process is estimated to cost approximately \$15,000.³ For some local governments, these are dollars that might have been used in the actual construction.

Inflation has significantly increased the cost of water/wastewater projects over the past several years. Consequently, a delay in beginning construction on the project will inevitably mean that the cost of the project will grow. Data from the Bureau of Labor Statistics shows that inflation for other heavy construction has kept pace with the average inflation rate during the decade of 1997 through 2006, at 3.4 percent per year. However, the cost of other heavy construction has increased dramatically over the past three years, at a rate of 9.4 percent annually. In a recent new article from the Great Falls Tribune, "Lack of Funding Threatens Vital Water Montana Projects", published November 28, 2007 and written by Faith Bremner, the annual rate of inflation over the past five years (heavy construction) is quoted at 7.4 percent, and is expected to remain high in coming years. At an inflation rate of 7.4 percent, a delay of two years will increase the cost of a water/wastewater project by 15.4 percent.

Other costs associated with the requirement that a local government reapply for a TSEP grant are not so straightforward. For example, the loss of the ability to obtain TSEP funding may also necessitate the reapplication for other funding sources. The local governments will also be required to use staff time and internal resources on efforts such as reorganization planning, reestablishing contact with specific contractors, and planning public meetings.

³ Values used in this paragraph are generalized estimated numbers provided by a private consulting engineer. The cost of completing preliminary engineering reports, holding public meetings, and preparing other documents needed for the TSEP application process vary significantly, as do the costs of compiling new data for the reapplication process.

While the list compiled by the DOC shows that 23 projects may experience problems in obtaining funds, it is not a firm indication that the projects will not go forward in the 2009 biennium. All of the TSEP applicants rely on other sources of funding to complete their project. Local governments take advantage of grant and low interest loan offers from numerous federal and state entities. The schedule for making application to these other programs varies, and the federal funds are reliant on the actions of Congress. The list shows that many of the projects are awaiting word from Congress, and some have not even made application for their funds yet. Unfortunately, DOC personnel believe that funding from the federal government will materialize at significantly lower levels than it has in the past.

EXTENUATING CIRCUMSTANCES

Local government infrastructure projects have grown more reliant on other types of federal grants to assist in the cost of water and wastewater infrastructure projects. Much of this impact can be traced to the ever growing costs of the projects. As mentioned above, the annual inflation in infrastructure projects has averaged 7.4 percent over the past 5 years. At that rate of increase, a project that would have cost \$1 million in 2002 could conservatively be expected to cost \$1.4 million in 2007.

While the cost of water/wastewater projects has increased, federal dollars available for infrastructure grants has declined over the past several years. The list of potential problem projects compiled by DOC makes mention of certain grant sources that have become substantial contributors in the financing of many of the local government infrastructure projects. With the reduction of federal funding, accessing funds from these sources has become a greater problem. Following is a list of the local government infrastructure programs mentioned in the DOC list, a description of the grant program, and the current thinking of the DOC about the program's ability to provide funding for water/wastewater projects. The DOC list mentions:

- CDBG – Community Development Block Grants. This is a program administered by the DOC and funded through a federal appropriation. Since 2004, funding for the CDBG program has been reduced approximately 14 percent (\$8.0 million in federal fiscal year (FFY) 2004 compared to \$6.9 million in FFY 2007). For FFY 2008, the presidential budget calls for a 21 percent reduction in CDBG funding nation-wide. Montana would receive approximately \$5.5 million annually. From the DOC list of 23, 11 local governments are planning to receive a CDBG grant. Four of the 11 have tentatively been awarded a CDBG grant, one was tentatively awarded an amount less than it applied for, and one other was tentatively awarded a grant even though it did not have a CDBG grant as part of its original funding package. Six local governments have not yet been successful in obtaining a CDBG grant.
- STAG – State and Tribal Assistance Grant. This is a federal program administered by the federal Environmental Protection Agency (EPA). The Department of Environmental Quality, through a contract with the EPA administers the grants to the projects. Common STAG programs address water treatment, wastewater treatment, targeted watershed grants, and state revolving funds for water projects. Congress has not yet appropriated funds for the STAG grant program. Typically STAG grants represent a small financial component of a project's funding package and in the 2009 biennium, several local governments have requested significantly larger grants than usually awarded through the program. Of the list of 23 projects, 14 anticipated STAG grants, and only one of those is likely to receive a grant from the FFY 2008 funds.
- WRDA – Water Resources Development Act. WRDA grants are administered by the U.S. Army Corps of Engineers. Congress has passed this year's WRDA authorization bill, and the amount of dollars available to the state for water/wastewater project grants is expected to be approximately \$5 million. However, no funds have been appropriated yet. Three of the 23 projects listed were expecting to receive WRDA grants. Since submitting the TSEP application, five of the local governments that were expecting STAG grants have been authorized to receive a WRDA grant. However, authorization does not guarantee that the local government will actually receive WRDA funds, and any awards are likely to be much smaller than the original STAG or WRDA grant request.
- NRDP – Natural Resource Damage Grants – This program is administered by the Montana Department of Justice. The 1999 partial settlement of the Atlantic Richfield earmarked about \$130 million to restore or replace the injured natural resources in the Upper Clark Fork River Basin. In early 2000, the state

finalized the criteria and procedures for spending these settlement funds. The state elected to establish a grant process administered by Natural Resource Damage program. Government agencies, private entities and individuals are all eligible to apply for restoration funds. One of the 23 listed projects was anticipating a grant from the program and has tentatively been awarded that grant. The grant is awaiting the signature of the Governor.

POTENTIAL SOLUTION?

While other sources of grant funding for water/wastewater projects may be harder to obtain in the 2009 biennium, local governments do have other resources that can be utilized to fund their water/wastewater infrastructure projects. One potential resolution to the problem is for local governments to borrow the dollars in their funding package that would have been provided through other forms of grants. The state offers several low interest loan options that could replace unrealized grant awards. Unfortunately, borrowing dollars, planned to be supplied by grants, may be unfeasible for some local governments.

The legislature established two state revolving fund (SRF) loan programs, one for water pollution control projects (wastewater and non-point source projects) and the other for drinking water projects. Both programs provide at or below market interest rate loans to eligible Montana entities. The current rate is 3.75 percent in both SRF programs. Generally, payment schedules are not extended past 20 years, but for drinking water projects that qualify as disadvantaged, the term may be extended up to 30 years. These programs are funded with capitalization grants from the U.S. Environmental Protection Agency and are matched by 20 percent with state issued general obligation bonds.

- WPCSRF - Water Pollution Control State Revolving Fund. Cooperatively, the Department of Environmental Quality and the Department of Natural Resource and Conservation administer the program. The program provides at or below market interest rate loans for wastewater treatment plant improvements; interceptors, collectors, and lift stations; lagoon construction and rehabilitation; engineering and project inspection; and land for disposal purposes
- DWSRF - Drinking Water State Revolving Fund Loan Program for Drinking Water projects. The Department of Environmental Quality administers the program. The program provides low interest loans to communities for cost-effective drinking water treatment systems, source developments and improvements, to finished water storage and distribution system improvements

If local governments are not able to “document that other matching funds required for completion of the project are firmly committed”, as initially planned, loans from the SRF programs could be used to replace the inaccessible grant portion of the financial package. Replacing the grants with loans would enable the local governments to access their TSEP grant in the 2009 biennium.

One of the goals of the TSEP program is to keep local government charges for water and waste water reasonably close to the “target rate”. The program uses “target rates” to ensure that local governments are contributing to the cost of the project. The idea of target rates is based on the concept that the ability of a community, as a whole, to pay a particular user rate is related to the overall median household income level in the community, and that communities with higher median household incomes can afford higher rates than those with lower median household incomes. DOC conducts a survey of user rates charged by selected water, wastewater, and solid waste systems around Montana every ten years, when new U.S. Census data is available, for the purpose of computing new “target percentages.” A community’s target rate is computed by multiplying the community’s median household income by the combined (combines water and wastewater rates) target percentage (2.3 percent) to measure residential households’ ability to pay.⁴ The addition of new loans to a project funding package may make water/wastewater affordability more difficult for some of the local government residents. In other words, the payment of water project debt may be impractical for smaller communities where the cost will be spread across fewer pockets.

⁴ For more information on target rate calculation please see the Montana Treasure State Endowment Program Application Guidelines, Appendix E document at <http://comdev.mt.gov/Includes/TSEP/07ApGdlnDFT.pdf>.

OPTIONS FOR LFC CONSIDERATION

There appear to be only a limited number of options available to the LFC related to the consequences of the changes made to the TSEP program. Because the concerns are all related to the deadline imposed in HB 512 and the conditions of the bill are explicit, some options could cause conflict with the legislation. The options for consideration are as follows:

- 1) Amend HB 512 in the 2009 session to eliminate the deadline.
 - ⇒ Because local governments cannot be assured that the deadline would be eliminated, local governments would still need to reapply for a grant in 2008 if they are uncertain about obtaining their complete funding packages. There is no guarantee that those projects authorized in the 2007 session would be funded in the 2011 biennium. If the deadline was eliminated, then local governments authorized for funding in the 2007 session would be guaranteed funding once all TSEP conditions were met.
- 2) Request that the program be administered less strictly in the 2009 interim only. HB 512 Section 3(1)(b) contains a condition that serves to reinforce that the scope of the project will not be changed. It states:
The scope of work and budget for the projects as approved by the department in the grant agreement must be consistent with the intent and circumstances under which the application was originally ranked by the department and approved by the legislature. The department may not approve amendments to the scope of the work or budget affecting activities or improvements that would materially alter the intent and circumstances under which the application was originally ranked by the department and approved by the legislature.
 - ⇒ In some of the cases where projects are facing problems, the scope of the project could be changed by phasing the work over more than one funding cycle. A more moderate interpretation of the condition could allow projects to obtain their grant funds with the intent of finishing the project in the next biennium, given that the final outcome would be consistent with the original scope of the project. The LFC could recommend more flexibility in the interpretation of this condition for the 2009 biennium only. Unfortunately, such a recommendation, though influential, would not be binding upon the agency. DOC does not look favorably on this idea and believes that the more moderate interpretation would be inequitable to those projects that would not have attempted to phase their projects.
- 3) Request that the Long-Range Planning working group analyze options (including option 2) to develop recommendations for the full LFC.
- 4) Do Nothing.

A SEPARATE BUT RELATED ISSUE

Another issue lays at the other extreme of this discussion. The language in HB 512 provides that all the TSEP recommended applicants may receive funding if they meet the conditions of section 3(1). Were this to happen, and because the endowment interest earnings will not be sufficient to fund all the authorized grants, the program could be required to borrow as much as \$17.6 million, although the exact amount of borrowed funds will not be known until the end of the FY 2009. This issue is detailed in Section F of the 2009 Biennium Legislative Fiscal Report, page F-24.

If TSEP is required to borrow money to provide authorized grants, future grant funding will be affected for up to 15 years. The program will be required to repay the loan from the endowment earnings. If the entire loan appropriation included in HB 512 is needed, \$17.6 million, at an interest rate of 5.45 percent, then the debt service on the borrowed funds will be approximately \$1.8 million per year for 15 years. In terms of TSEP grants, that is equal to 4.6 grants each biennium for 7.5 biennia. At the same time, the program endowment earnings will continue to grow as new deposits continue to add funds to the endowment (through FY 2016). Consequently, the loan will have the effect of eliminating new program funding growth in TSEP for approximately 3 years.

By the start of the 2009 legislative session, the TSEP program should have a good idea of the amount of funds that will have to be borrowed. At that time, there will be several options for legislative consideration which include:

- Drafting a LRP subcommittee bill that would appropriate general fund to repay any loans
- Use the endowment earnings available in the 2011 biennium to repay the loans (significantly reducing, if not eliminating grant funding in the 2011 biennium)
- Do nothing (have the TSEP interest earnings pay the loan debt service over the life of the loan, reducing the number of grants that may be authorized for the life of the loan)

CONCLUSION

TSEP is a vital funding source for local government water and wastewater projects. HB 512 changed the way the TSEP grants are administered in the 2009 biennium by eliminating the prioritized ranking system and conditioning grant awards on the local government's ability to meet all TSEP conditions by the end of the 2009 biennium. The changes have drawn concerns from local governments who fear they will be unable to comply with the deadline. While under normal circumstances, 26 of the local governments would have been required to reapply to the program for the 2011 biennium, current changes will require local governments, who would have been guaranteed funding on an indefinite basis until the time that the conditions were met, to reapply to TSEP if the deadline is not met. Consequently, some local governments will need to absorb the cost, approximately \$15,000, to reapply to the TSEP program in the 2011 biennium. The tightening federal infrastructure grants exacerbate the situation, making it more difficult for local governments to state that their funding package is firmly committed. Some local governments may be able to replace portions of their funding package where federal and state grants have been declined with low interest loans, but that option may be unfeasible for some of the communities. There are limited options available to the legislature to mitigate the problems created with the changes to the 2009 biennium TSEP program, but analyzing the problem could provide some viable options for legislative consideration.

NOTE: Eight of the 56 TSEP grants awarded in HB 512 have been released to the local governments. This amount may appear low, but due to the amount of time and effort required in meeting the conditions of the TSEP program, this is not unusual.

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Comments on Funding Packages of TSEP Projects With Potential Problems

(The following information is current as of November 26, 2007)

Town of Circle, Project No. 6

- ❑ **Tentatively awarded a \$450,000 CDBG grant in November 2007.**
- ❑ The original funding package included an RD loan and **they have received an application.**

Town of Jordan, Project No. 8

- ❑ The Town was awarded a \$121,320 CDBG grant in 2006. **Tentatively awarded a \$328,680 CDBG grant in November 2007 for a total of \$450,000.**
- ❑ The original funding package included an SRF loan.

Town of Twin Bridges, Project No. 10

- ❑ **Tentatively awarded a \$450,000 CDBG grant in November 2007.**
- ❑ The original funding package included an \$850,000 STAG grant as match.
- ❑ The original funding package included an SRF loan. **RD has received a loan application for \$2.6 million.**

Seeley Lake-Missoula County Water District, Project No. 11

- ❑ **Listed as a possible 2008 WRDA grant recipient in the authorization bill that was passed; however, an appropriation bill must still be passed.** The original funding package included a \$1 million STAG grant. **It was reported that a bond election has been passed that would fund the project without additional grants.**
- ❑ The original funding package included an RD loan. **An application has not yet been submitted, but is expected.**

Town of Loma, Project No. 16

- ❑ The original funding package included a \$1.2 million STAG grant as match.
- ❑ The original funding package included an SRF loan.

Carter Chouteau County Water and Sewer District, Project No. 20

- ❑ The original funding package included a \$750,000 STAG grant as match.
- ❑ The original funding package did not include any loan.

Dayton/Lake County Water and Sewer District, Project No. 22

- ❑ **Listed as a possible 2008 WRDA grant recipient in the authorization bill that was passed; however, an appropriation bill must still be passed.** The original funding package included over \$3.9 million in STAG and WRDA grants.
- ❑ The original funding package included an RD loan and **they have received an application for \$500,000.**

Power-Teton County Water and Sewer District, Project No. 25

- ❑ **Listed as a possible 2008 WRDA grant recipient in the authorization bill that was passed; however, an appropriation bill must still be passed.** The original funding package included a \$101,428 WRDA grant.
- ❑ The original funding package did not include any loan.

RAE Subdivision County Water and Sewer District, Project No. 27

- ❑ The Town was awarded a \$121,320 CDBG grant in 2006, instead of the \$450,000 requested. **Was not successful in 2007 when applying for the remainder.**
- ❑ The original funding package included an SRF loan.

Town of Neihart, Project No. 32

- ❑ **Was not successful in 2006 or 2007 when applying for a \$100,000 CDBG grant.**
- ❑ The original funding package did not include any loan.

City of Three Forks, Project No. 33

- ❑ The original funding package included a \$1.35 million STAG grant as match.
- ❑ The original funding package included an SRF loan.

City of Cut Bank, Project No. 35

- ❑ **Listed as a possible 2008 WRDA grant recipient in the authorization bill that was passed; however, an appropriation bill must still be passed.** The original funding package included a \$450,000 STAG grant.
- ❑ The original funding package included an SRF loan.

Town of Whitehall, Project No. 36

- ❑ **Listed as a possible 2008 WRDA grant recipient in the authorization bill that was passed; however, an appropriation bill must still be passed.** The original funding package included a \$450,000 STAG grant.
- ❑ **The Town did not receive a \$450,000 CDBG grant in 2006 and they did not re-apply in 2007.**
- ❑ The original funding package included an SRF loan.

Crow Tribe – Crow Agency, Project No. 37

- ❑ **Tentatively awarded a \$450,000 CDBG grant in November 2007 (CDBG was not previously included in the funding package).**
- ❑ **Listed in a yet to pass federal funding bill for a \$600,000 STAG grant.** The original funding package included a \$1.8 million STAG grant as match.
- ❑ **Listed as a possible 2008 WRDA grant recipient in the authorization bill that was passed; however, an appropriation bill must still be passed.**
- ❑ **The Tribe applied for a \$450,000 Imminent Threat grant from HUD, but the request was denied.**
- ❑ The original funding package did not include any loan.

Town of Big Sandy, Project No. 38

- ❑ **Tentatively awarded a \$450,000 CDBG grant in November 2007.**
- ❑ The original funding package included an RD loan and grant and **they have received an application for a \$823,000 loan and \$207,000 grant.**

Town of Fairfield, Project No. 39 (tie)

- ❑ The original funding package included a \$1 million STAG grant as match.
- ❑ The original funding package included an SRF loan.

City of Hamilton, Project No. 39 (tie)

- ❑ **Listed as a possible 2008 WRDA grant recipient in the authorization bill that was passed; however, an appropriation bill must still be passed.** The original funding package included a \$1 million STAG grant.
- ❑ **The Town did not receive a \$450,000 CDBG grant in 2006 and they did not re-apply in 2007.**
- ❑ The original funding package included an SRF loan.

Gallatin County (Hebgen Lake Estates), Project No. 41

- ❑ The original funding package included an \$850,000 STAG grant as match.
- ❑ The original funding package included an SRF loan.

Brady County Water District, Project No. 46

- ❑ **Tentatively awarded a \$373,401 CDBG grant in November 2007 (was originally planning on \$500,000).**
- ❑ The original funding package included a \$1.26 million STAG grant as match.
- ❑ The original funding package included an RD loan and grant. **RD has confirmed that a loan and grant package has been approved for the lagoon portion of the project.**

Town of Darby, Project No. 49

- ❑ The original funding package included a \$3.16 million WRDA grant as match.
- ❑ **The Town did not receive a \$450,000 CDBG grant in 2006 and they did not re-apply in 2007.**
- ❑ The original funding package included an RD loan and grant. **RD has approved a \$1,543,000 loan and \$640,790 grant for phase one. A second application, for phase two, is expected.**

Butte-Silver Bow County, Project No. 51

- ❑ \$1.8 million grant was awarded in 2006 from the Natural Resource Damage Program (NRDP). **A second grant of \$2,417,300 has been tentatively awarded from the NRDP and is awaiting the Governor's signature. This will complete their funding package.**
- ❑ The original funding package did not include any loan.

City of Columbia Falls, Project No. 52

- ❑ The original funding package included a \$1 million STAG grant as match.
- ❑ The original funding package included an SRF loan.

Mineral County/Saltse Water & Sewer District, Project No. 53

- ❑ **The District did not receive a \$424,000 CDBG grant in 2006 and they did not re-apply in 2007.**
- ❑ The District was only awarded a \$390,000 TSEP grant rather than the \$750,000 applied for in 2006.
- ❑ The original funding package included an SRF loan.